

Reserve
1,941
58 Ag 82

LIBRARY
CURRENT SERIAL RECORD

FOR RELEASE
JULY 10

The AGRICULTURAL OUTLOOK DIGEST

U. S. DEPARTMENT OF AGRICULTURE BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

WASHINGTON, D. C.

BAA

JUNE 1949

In the first half of 1949, farmers sold more but got less than in the same period a year earlier.

Farmers' cash receipts are estimated at 12 billion dollars for January-June, down about 6 percent from the first half of 1948. The volume of marketings was up slightly but prices averaged about a tenth lower.

Gross farm income--cash receipts, government payments, the value of farm products consumed on the farm and the rental value of farm dwellings--also was off about 6 percent. Since production expenses dropped only slightly, realized net income of farm operators probably was down 10 percent or more from the first 6 months of 1948.

Differences from last year varied considerably by commodities. Sales of meat animals and dairy products brought about 15 percent less while poultry receipts were up. Unusually large quantities of corn and cotton were sold or placed under loan and receipts from these crops were up despite lower prices. Smaller marketings and lower prices reduced wheat receipts below last year.

Most of the measures of economic activity continued to slant downward as the first half of 1949 ended.

Industrial production still was declining in June. Nonfarm employment was also going down although seasonal increase in agriculture in May boosted total employment above April. Latest figures on personal income show further reductions. The general price level continues to weaken.

Construction and exports are two important exceptions to the general trend in business activity.

Although less money has been spent for new housing and industrial and commercial construction than last year, public spending for hospitals, schools, highways and other construction has increased sharply. Total expenditures for new construction for the first 5 months of 1949 ran 3 percent higher than last year.

Exports of all goods and services in the first quarter of 1949 were only slightly below the last quarter of 1948.

Prices received by farmers, led by declines in truck crops and food grains, dropped almost 2 percent from May to June. This left the index 6 percent below the mid-January level. During this period, wholesale prices of nonfarm commodities declined an average of 5 percent. However, prices of farm products are down much more from the postwar highs than most other commodities.

Prices paid by farmers including interest and taxes held steady from May to June, and the parity ratio fell to 103, the lowest in 7 years.

LIVESTOCK AND MEAT The pig crop totaled 59,040,000 head this spring, 15 percent more than last spring. This is the largest peacetime spring pig crop in our history; only the spring crops of 1942 and 1943 were larger.

Farmers' reports of their plans indicate that 5,832,000 sows will farrow this fall, 13 percent more than a year earlier. Litters equal in size to the 1939-48 average would mean a fall crop of 37 million pigs.

If farmers' plans for the fall crop materialize, the 1949 pig production will total more than 96 million head. At the heavy slaughter weights of recent years, this would permit pork consumption per person in 1950 to be near the 75.6 pounds of 1946. This was the highest in 40 years except for 1943 and 1944.

DAIRY PRODUCTS Milk output has passed its seasonal peak and farmers' prices for milk and milk products are likely to rise the rest of the year, though less than usual.

Retail prices for milk in 24 major cities averaged 19.9 cents a quart in early June, about 3 percent below a year earlier. Prices of manufactured dairy products are down considerably more and consumption has increased.

Major reasons for the decline in prices of manufactured dairy products from a year earlier: larger milk supply, larger storage stocks, and lower prices for vegetable fats.

POULTRY AND EGGS Hatchings of baby chicks and turkey poults have been large this spring. Feed supplies are big enough to permit farmers to feed their flocks liberally. This means that marketings of eggs and poultry in the last half of 1949 are likely to be larger than in the same period of 1948.

From now until fall, egg prices will rise seasonally but total gain may be less than usual. In mid-June, prices received by farmers for eggs averaged 44.1 cents per dozen, a record for the month.

FATS AND OILS Exports of fats, oils and the oil equivalent of oil seeds the first 4 months of this year totaled 845 million pounds, more than double a year earlier. Imports were down considerably from last year.

FEEDS Prospects for 1949 feed crops were unusually good in early June. Prices of most feeds were down from May to early June and then advanced in the last part of the month. Prices of wheat, millfeed, brewers' dried grains and hominy feed showed greatest weakness.

WHEAT The biggest wheat supply in history is expected for 1949-50. The June crop report estimated 1949 production to be second only to the 1947 crop. Including stocks on hand July 1, the total supply for 1949-50 is expected to be about 1,635 million bushels. This is about 950 million bushels more than we are likely to use in this country.

To help farmers meet storage problems, the U. S. Department of Agriculture has announced that:

1. "Distress" wheat loans at 75 percent of the support level will be made on wheat in temporary storage and on wheat piled on the ground in the open in certain areas.
2. The government will try to find suitable emergency storage in areas where it is not feasible for farmers to leave wheat in the open or in other temporary storage.
3. Loans at 4 percent interest with 5 years in which to pay will be made available to farmers to build farm storage.
4. CCC may purchase or erect storage facilities for its own grain when other facilities are not available.

FRUITS AND VEGETABLES Prices of deciduous fruits this summer are expected to average lower than last. A larger total crop is in prospect. Smaller citrus fruit supplies probably mean higher prices than last summer.

Production of most fresh vegetables and melons is expected to be larger in July, August and September than a year earlier. Demand is slightly weaker and prices are expected to average lower.

Planting and development of truck crops for commercial processing is about on schedule. Tonnage of most crops is likely to be about the same or larger than last year. Only sweet corn and tomato production is likely to show much of a decline.

Prices farmers will receive for potatoes this summer probably will average one-fifth to one-fourth lower than last summer, unless dry weather reduces the crop considerably.

COTTON Spot cotton prices in mid-June were only about 1/3 cent below the season's peak but were about 4 1/4 cents below a year earlier.

April exports of cotton totaled 591,000 bales, the largest for any month since February 1940. This brought the total for first 9 months of 1948-49 season to 3,550,000 bales.

Buying of cotton by domestic mills is limited to immediate requirements. Mill stocks at the end of April were lowest for the month since 1938.

TOBACCO Demand for 1949 flue-cured tobacco is expected to be firm when marketings begin in the Georgia-Florida area in late July. Prices are likely to average above the loan level of 42.5 cents per pound.

United States' consumption of cigarettes, principal outlet for flue-cured tobacco, was slightly higher during January-May than a year earlier.

SUGAR World production of beet and cane sugar for the 1948-49 season is now estimated at 37,300 thousand tons, 8 percent more than output in the 1947 season and a new record.